

**A REFORM
FOR THE
CIVIL SERVICE**

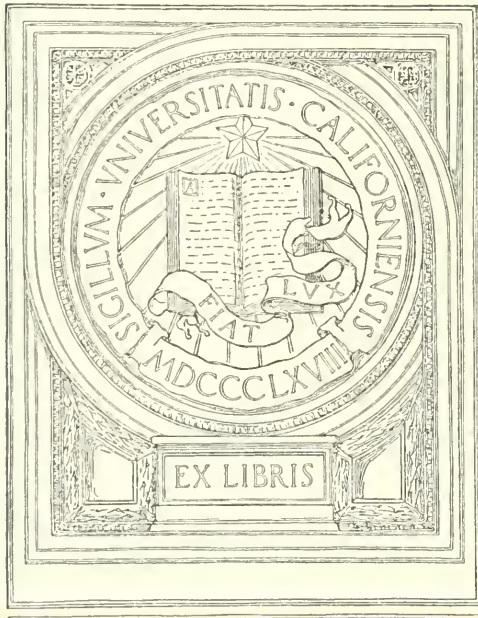
SIR STEPHEN DEMETRIADI

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A REFORM
FOR THE CIVIL SERVICE



A Reform for the Civil Service

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Cassell and Company, Ltd
London, New York, Toronto and Melbourne
1921

First Edition, *March* 1921

PREFACE

THE reform of the Civil Service, by which I mean those reforms which will place it in a *permanent* state of efficiency, is a question which must necessarily become more and more urgent. On the one hand our administrative obligations have increased at an unprecedented rate—witness, amongst others, the Ministries of Education, Health and Pensions—on the other, our financial resources have diminished.

If I employ one gardener at a salary of £3 per week, and receive from him work to the value of £2 10s. per week, my weekly loss is 10s. But if I employ three gardeners on the same terms, my loss rises to £1 10s. If we admit, then, as we must do, that the Civil Service is not efficient, we must also admit that the wastage has become vastly more serious with the increase in the number of our Departments.

I was able during the War to undertake

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certain work for one of our great Public Departments, and the opinion which I formed at that time of the urgent necessity for a drastic overhauling of our Civil Service led me to embody a few criticisms and suggestions in a small book which I issued, in the first instance privately, under the title, "Inside a Government Office."* The reception accorded this unpretentious volume persuaded me that the need for reform in our official methods is fully appreciated. On all sides I was urged to give a wider circulation to this book. I have thought it well, however, while complying with this request, to elaborate the more constructive side of my proposals. Before the War intelligent outside opinion realized that something was wrong, but was not sufficiently informed either to point to the fundamental evil or to indicate the precise remedy. To-day the situation is entirely changed. Between 1914 and 1919 great numbers of business men filled posts, important and otherwise, in most of our

* "Inside a Government Office" (Cassell's). Printed originally for private circulation, 1920. Reprinted and published February, 1921.

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Public Departments, so that there now exists a vast body of informed opinion to which it is possible to appeal.

I shall probably be told that the scheme of reorganization outlined in this work cannot be effected without legislative sanction, and that for this reason something far less drastic is called for. But it is precisely this argument that has rendered ineffective those previous attempts at reorganizations which have been made by the Civil Service. If we ask ourselves what is the most we can do without radically disturbing the existing state of things we shall with certainty fall short of our goal. *The only reorganization which is really economical is the reorganization which will achieve the desired end; anything less than that is wasted effort.*

Again, it may be objected that it will not be possible to commute the pension of any member of the existing Civil Service without affording him some financial compensation; that he has legal rights, in short, which may not be trespassed. I do not agree that this is necessarily the case, but in any event it should be borne in mind that the Civil Service

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is a permanent thing, that it does not cease to exist when the present officials vacate their posts. By all means let us treat the individual with justice, but do not let us lose sight of the fact that the case of a few individuals is a small matter in comparison with the all-important task of rendering our public services *permanently* efficient.

The Civil Service as it is now constituted was well suited to the Victorian days, when the responsibilities of the Service were fewer and the demands made upon it less urgent. But changing times demand from time to time a change in method, and the day has come when the existing state of things must give place to an organization more adapted to our national requirements as they now are.

How is this change to be brought about? As I believe by public pressure; I count less upon spontaneous action on the part of an overburdened Government than upon intelligent opinion outside it. Most of all, I count upon the power which public opinion possesses to make itself vocal through the Press.

To turn to my own scheme, anyone who

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is sufficiently interested may find it set out in epitome in Chapter III. But I sincerely trust that nobody will be content either to support or reject this plan upon the very brief summary there given. I have endeavoured to confine this book to the essentials of the question, and the precise form of reorganization which I suggest can only be grasped intelligently by those who are prepared to accompany me the short distance from one cover to the other.

In my previous volume I laid emphasis upon the all-important factors of competition and personal responsibility with compulsory commutation of pensions as an incentive to effort. Together with the introduction of these important factors, I suggested a "strong inspectorate, composed of the best brains available—all tried men—appointed to the Treasury for the express purpose of keeping that Department in intimate contact with the actual state of affairs in all branches of the Civil Service."

Admittedly, I was writing in intentionally general terms. None the less, I was surprised to find that "Appointed to the Treasury"

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had been read by some of my friends as “Appointed *by* the Treasury.” Clearly nothing could be farther from my intentions than an inspectorate or committee nominated by the Treasury itself. I have thought it well, therefore, to give a more precise form to this proposal.

The reader before coming to the close of Chapter II will realize that there is no generally observant and controlling body in the Civil Service, such as is provided by the board of directors in the case of, let us say, a large manufacturing concern. There is no body, inspectorate, council, committee—call it what you will—which to-day secures the efficient control of the undertaking. For many reasons I would have preferred to indicate the need for such a body and to leave its constitution to be determined at a future date. This point, however, is of such consequence that I feel compelled to break the ice with some definite proposal which may at any rate serve as a basis for discussion.

It should not be necessary for me to point out that I am dealing in this book solely with the question how we can most effectively and

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economically give effect to Acts of Parliament. If these Acts are inherently wasteful or largely unnecessary, responsibility for the outcome must rest upon Parliament itself. I am not offering any criticism upon the course that the ship is steering. I desire merely to secure that when an Act is put into operation there shall be one hundred per cent. of efficiency in the engine-room.

In conclusion, I desire to make it clear that I am far from being actuated by any animus against Civil Servants. In my book, to which reference has already been made, I draw a sharp distinction between the man and the system. Sooner or later, as I believe, the man inevitably succumbs to the system, and loses his resource and initiative. Indeed, one of the strongest arguments in favour of the reform of our Civil Service is the fact that it signally fails to make the best use of the excellent material at its disposal.

S. D.

January, 1921

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PUBLIC DEPARTMENTS AND
PRIVATE ENTERPRISE—POSSI-
BILITIES OF A COMPARISON

CHAPTER I

PUBLIC DEPARTMENTS AND PRIVATE ENTERPRISE —POSSIBILITIES OF A COMPARISON

FORTUNATELY, it is not necessary to-day to adduce any arguments in favour of reforming our Civil Service. Our experience during the War taught us many things, but nothing more positively than that the existing system is utterly uneconomical, both of time and money. On all sides it is admitted that we cannot afford the price we are called upon to pay for our bureaucracy, and everywhere we are met by the inquiry : What is the remedy?

Doubtless, if this question were left to many of us, we should achieve an easy settlement by wiping out certain Departments in their entirety. But, apart altogether from debatable topics, is it not possible that we can reduce our expenditure by the simple expedient of securing value for our money?

At the outset we must ask ourselves what

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is the purpose for which the Civil Service exists? This may appear a superfluous question, but it is none the less a necessary one, since unless we are quite clear about the end to be achieved we cannot judge the means which are employed. For want of a better description, therefore, we may state that the Civil Service is the machinery of Government by means of which legislation produces its results.

Now, almost everybody who has ever written upon the subject has thought it necessary to state that a Public Department cannot be judged by ordinary business principles, because a firm or company exists to make a profit, whereas a Government Department does not. But surely this argument is essentially unsound. A Government Department which is giving effect to useful legislation is in effect a firm which is producing some article that is needed by the public—there is no reason why efficiency should be less valuable in one case than in the other. It is true that if the firm is badly managed or badly staffed it will be beaten by its competitors, whereas the Government Depart-

Public Departments

ment, having no competitor to fear, is in no such danger. But this does not affect the argument that efficiency is just as much called for in a Department that purveys, let us say, pensions as in a firm that purveys soap.

A Government Department, therefore, *should* be judged by ordinary business principles, the more so because we need not deal with the inefficient manufacturer, but must deal with the Department, inefficient or otherwise.

In fact, the more closely we compare the Department with the firm the more points of comparison present themselves. Every taxpayer in this country is in reality a shareholder in every Government Department. For the board of directors we have the House of Commons (of which the Government is a committee with limited executive powers); for the chairman, the Minister; and for the general manager, the Permanent Secretary. It is the unfortunate but inevitable consequence of the vast scale upon which the comparison is carried out that the shareholders have almost ceased to remember that the firm is conducting its operations with their money.

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The average man cannot understand that just as he has a financial interest in the firm in which he is a shareholder, so has he a financial interest in every Government Department. He does not realize that while inefficiency in a business firm may mean less money coming in by way of dividends, inefficiency in a Government Department means more money going out by way of taxes; or, to put it in another way, if the firm is efficient he receives more, if the Department is efficient he pays less. The parallel is no figure of speech. *Efficiency in the Civil Service is as important to every tax-payer as efficiency in any private concern in which he holds shares.* Let him once realize this, and he will soon ask himself—why should not the conditions which ensure efficiency in the latter case be incorporated into the former?

At this stage it may be well to make a digression and to point out that practically every attempt which has hitherto been made at reform within the Civil Service has been an attempt to reform its “procedure.” Now, “procedure,” whether official or commercial, is not a cause but an effect—it is curious how

Public Departments

constantly this fact is overlooked. To tinker with procedure is to commence the work of reform at the wrong end. The most perfect procedure without a directing and modifying intelligence behind it is mere strength without a brain. It may accomplish the same feat a thousand times with entire success, but vary the nature of the task by however little and its limitations at once become apparent. Again, procedure to be permanently effective must be of continuous growth. It must be a living thing, yielding an instant response to the changing demands of time and circumstance. Procedure, in short, should not be regarded as the *cause* of successful results. It is at the best the *medium* through which a living intelligence may accomplish them.

In case anyone may suspect that I have unduly emphasized this point, I may explain that most Departments, certainly those created since 1914, are subject to periodical gales of reorganization. But when the gale has expended its strength, no trace of it remains except that a great variety of discarded forms have been left like driftwood upon the shore. New forms have replaced old

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ones—otherwise, except probably for an increase in personnel, everything is as before. And this is really inevitable because, as I have shown, the real root of the trouble is not the *procedure* which the Department has adopted, but the *intelligence* which lies at the back of it. In short, when we have given adequate scope to the right type of intelligence, efficient procedure will inevitably be forthcoming.

To be helpful, therefore, comparison between commercial and official methods must concern itself with the reward bestowed upon intelligence and the incentive afforded it to realize its highest potentialities. In this comparison, and in the lesson which it teaches, lies the whole secret of Civil Service reform.

FACTORS WHICH PRODUCE
EFFICIENCY—THEIR POTENT
INFLUENCE IN COMMERCE—
THEIR ABSENCE FROM THE
CIVIL SERVICE

CHAPTER II

FACTORS WHICH PRODUCE EFFICIENCY—THEIR POTENT INFLUENCE IN COMMERCE—THEIR ABSENCE FROM THE CIVIL SERVICE

IT is a characteristic of reformers that they fail to differentiate between what mankind should desire and what mankind in fact does desire. Nobody who has chatted for five minutes with a leader in any great moral crusade can doubt this. Your true reformer bases his argument upon the hypothesis that everything else being equal, a man will desire to realize the best that is in him. Unfortunately, our daily experience gives the lie to this presumption. Human nature as it exists to-day requires a stimulus which must be again and again renewed if our efforts are not to flag. Now the two great stimuli, the only two, are *hope* and *fear*. We have then a ready-made standard by which commercial and official methods can be judged. Obviously the efficiency of any

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organization must suffer in the precise ratio in which hope and fear are lacking as a stimulus to effort.

Now when we examine commerce we find the factors of hope and fear everywhere exerting the most potent influence. The junior is working in the hope of winning advancement or in the fear of losing his post; his senior officer is exercising an efficient supervision over his work and that of his fellows, also for one or other of these reasons. The manager is co-ordinating the efforts of his staff because he knows that unsatisfactory returns will sooner or later jeopardize his own position. The directors frame the policy of the firm always in the hope of securing larger profits or from the fear that competition may decrease them.

Let us now turn to the Civil Service. How do these factors operate in the national effort in which every taxpayer holds a stake? Scarcely do they operate at all. The junior works because he can hardly do less with any decency. He has little to hope for at the best, and at the worst he has little or nothing to lose. His senior officer is a man of education

Factors of Efficiency

and has admittedly a high sense of duty. In so far as he is able to control a staff to which he can offer next to nothing by way of reward or penalty he supervises its efforts. But it is highly improbable that his efforts will be recognized, and still more improbable that they will exert any influence upon his own career. The Permanent Secretary, whom we have compared to the general manager, wields a power which is far too circumscribed to be readily effective. It may almost be said that he learns in time to accept the shortcomings of his Department as he does the decrees of Providence. At any rate his spirit is more generally one of resignation than reform. His Department, however, must be bad indeed if his own fortunes are to be affected. The Minister, or chairman, has no permanent interest in the undertaking. At any moment he may be involved in a re-shuffling of the Cabinet, or the Administration may go out of office altogether. In the meantime he relies upon his staff as the inexperienced yacht owner relies upon his crew; the mysteries of ropes and sails are not for him. But the parallel is not a good one, for he cannot

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replace his skipper and may not cuff the cabin boy.

In any event the Minister's real interests lie outside his Department. The great debate that may make or mar his career will almost certainly be concerned with the future. In politics it is the promise that counts, not the performance. The Minister, in short, has not the power, even when he has the ambition, to turn his Department into a highly efficient machine.

We may therefore sum up the situation by stating that private enterprise maintains a certain standard of efficiency because it brings into constant operation the factors of hope and fear. Personal responsibility, that great factor in efficiency, is inevitable in a system which greets success with a reward and persistent failure with a penalty. In the Civil Service, on the other hand, the factors of hope and fear are permitted no sway, and personal responsibility is practically unknown.

A PROGRAMME OF REFORM

CHAPTER III

A PROGRAMME OF REFORM*

I HAVE attempted to show in the earlier chapters of this book that private enterprise recognizes certain factors which promote efficiency. In the present chapter I suggest a method by which these factors may be incorporated into the Civil Service.

Before going further it will be well to take note of the fact that Departments may be found to be jealously guarding their authority upon matters with which, properly speaking, they should have no concern. This circumstance is attributable to the fact that in the past Civil Servants have been judged largely by the *size* of their staffs rather than by the efficiency with which they have discharged their duties. As the inevitable consequence Departments have scrambled for

* For a more detailed examination of the scheme outlined below the reader is referred to Chapters IV to VII.

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new work, which has been allotted in many instances without regard to the fact that it was more appropriate to one Department than another. What is more, there is at present a direct incentive to a Department to create work and consequently to increase staff. This the Department is enabled to do by means of loosely worded Acts of Parliament and unnecessarily complicated regulations capable of more than one interpretation. The official, in fact, can generally put his own construction upon what is required of him.

At the present time there are too many Ministries and there is too much overlapping. As a first step to effective reorganization, therefore, I should propose a re-allocation of work as between our Departments. Each Department should have its own sphere in which it should be able to take action without fear of trespass. For a Department to spend some time formulating a plan only to ascertain at the end of it that some other Department has already made itself responsible for the same work is not an unknown occurrence. To any loss of time thus incurred must be added that represented by the subsequent

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correspondence necessary to clear up the imbroglio.

In turning to the question of efficiency within the Department it is necessary to observe that although the need for efficiency and economy is the same in all Departments, it is not possible always to approach the subject from the same direction. For instance, the efficiency of the Post Office must be measured by the facilities which it affords us for the transmission of correspondence and telegrams, by the service which it renders us in telephones and the carriage of parcels and so on. These are matters with which we are all familiar and upon which we can most of us express an opinion. The same statement holds good, to a greater or less extent, regarding every Department that is concerned with the internal administration of this country. (These Departments I have termed "productive," because, as I have shown, their position is analogous to that of firms rendering services or producing articles in every-day demand.) When we turn to such a Department as the Foreign Office or Colonial Office, however, it is evident that the public is less qualified

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to compare service with cost, and may reasonably be satisfied so long as its activities effectively contribute to the maintenance and increase of our commercial prosperity. For it is by commerce that as a nation we live and move and have our being.

How then are we to introduce the effective factors of supervision, competition and personal responsibility into our "productive" Departments, using the term in its widest sense? Taking as our guide any large industrial concern, we find that supervision in its ultimate form is centred in a board of directors to which the general manager is answerable for the success or failure of whatever measures he may adopt. This arrangement answers admirably in practice since the board is not in such close relationship with the detailed working of the business as to hamper the general manager, while at the same time it is always sufficiently in touch with the situation to know when the machinery is not running smoothly.

As the Civil Service is at present constituted we are compelled to find the counterpart to the board of directors in the House of

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Commons. But the influence exerted by the Commons is very different from the effective control maintained by the board, and for obvious reasons. The board is compact, the House of Commons is for this purpose unwieldy; the board, as a board, has no duties other than those incidental to the welfare of the undertaking, but to the House of Commons the Civil Service is only one of many interests and not the most interesting at that.

I propose then, as the second step in my programme, to provide the Civil Service with an effective counterpart to the board in so far as the promotion of efficiency is concerned. (It is clear that our new body cannot parallel the board in all respects since the latter frames the policy of the undertaking, a duty which in the case of the Civil Service must be performed by the House of Commons acting through the Minister.)

For lack of a better term I will refer to the new body as the *Civil Service Council*. The members of the Council should be few in number but chosen with the greatest care. The duty of the Council should be to maintain

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the efficiency of our Departments from day to day.

But, it may be urged, what is the test by which the efficiency of a Public Department is to be determined, and how is the Council to decide where drastic measures are called for? The problem is not so intricate as at first sight appears to be the case. Public opinion, for instance, affords a sure indication of official inefficiency if it be given an opportunity to express itself. Thousands of men and women are brought into daily contact with our great Departments, but however conscious the public may be of failure in this direction or that, there exists to-day no effective medium through which its discontent can operate. With the advent of the Council, however, the public would be provided with a body to whose notice all cases of departmental inefficiency could be brought. The Civil Service Council should, in fact, represent in itself the great body of public opinion. Where the nature and volume of the complaints seemed to indicate that something was seriously amiss, the Council would call upon the Permanent Secretary to furnish an ex-

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planation. If the Permanent Secretary failed to exonerate himself and his Department the Council would be empowered to call upon the Treasury to retire him upon commuted pension and to appoint his successor forthwith.*

The Civil Service Council would not dictate as to the precise organization that should be adopted by any particular Department; that would be the province of the Permanent Secretary. Its powers would be limited. It would note the character and volume of the complaints addressed to it, and, where necessary, it would pronounce against the Permanent Secretary, who would forthwith be retired by the Treasury and his pension commuted.

Here then are the first steps towards effective supervision and personal responsibility.

It is obvious at once that it is not possible to hold the Permanent Secretary strictly to account if he is not armed with at least those powers which are wielded by the general manager of every large industrial concern.

* The constitution and functions of the Civil Service Council are dealt with in greater detail in Chapter IV.

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The Permanent Secretary, therefore, should be encouraged, within certain limits, to arrange his staff until he is satisfied that the Department is efficiently performing its work. If any one of his highest officers cannot secure efficient organization in his own province, the Permanent Secretary should be empowered either to transfer him immediately to work to which he is better suited, or when necessary, to secure his immediate removal from the Department. The Treasury should be the medium for the removal to another Department of any officer whom the Permanent Secretary desires to be rid of.

The objection that so much power in the hands of one individual will be prejudicial to the interests of those officers who have the bad fortune to disagree with him, is scarcely tenable. After all we are only advocating the adoption of conditions which have always existed in commerce. However, I am not suggesting that the Permanent Secretary shall be empowered to do more than request the Treasury to transfer a subordinate to some other Department. While making it incumbent upon the Treasury to give *immediate*

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effect to such a request, I would leave it to that Department to decide where the rejected official should be placed.

An official whose transfer has been three times demanded, that is an official who has been found incompetent by three different chiefs, should be compulsorily retired upon pension. (See page 59.)

What is true of the senior under such a system must be no less true of the junior. Every worker must be shown that it is to his personal advantage to give the best that is in him. If his work is better than that of his fellows he must be able to count with confidence upon securing advancement; if his work is detrimental to the efficiency of his Department he must pay in his own career. At the moment it is not the dilatory official who pays the penalty, but the public who are helpless in his hands.

It may possibly be argued that I have made a case for the new methods on the ground of efficiency, but that, apart from the suggested reduction in the number of our Departments and the re-allocation of work as between those that are retained, I have as yet

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failed to show any guarantee of economy. Such a criticism, however, would not be sound. Efficient administration must discharge the obligations of quality, time and cost. If it fails in any of these respects it may be clever administration or even brilliant administration, but it is not efficient. No really efficient officer desires an unwieldy staff; he can achieve more in all respects with one that is compact but well trained. In short, the prevailing evil of unnecessarily huge staffs is one which, under the new dispensation, would soon tend to cure itself. The saving thus effected, however, although very considerable, would be small compared with the enormous sums at present wasted through official ineptitude.

It is, however, a fundamental part of my proposals that the subject of total working expenses, as distinct from itemized cost, shall be constantly under the scrutiny of the Treasury.

— Finally, I desire that the Department shall be judged upon its merits, and not, as is at present too often the case, upon political grounds. This can only be achieved by dis-

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associating the Minister from the machinery of the Department. As I propose to show later, the custom which makes a Minister personally responsible for the errors of his Department has frequently no other effect than to cause him to close his eyes to evils which he is powerless to remedy.

My programme, therefore, may be briefly summarized as follows :

(a) A reduction in the number of our Departments and a re-allocation of work to secure to each surviving Department a well-defined field of operations.

(b) The appointment of a Civil Service Council (upon which the Home Civil Service will not be represented) charged with the important task of securing the instant removal of any Permanent Secretary whose Department is not efficient either on the score of performance or cost.

(c) The granting of greatly increased powers to the Permanent Secretary who will be personally responsible in his own career for the efficiency of his Department.

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(d) The compulsory retirement upon commuted pension of any Permanent Secretary found to be inefficient by the Civil Service Council, or of any lesser official who has been found inefficient in three different Departments.

(e) A closer scrutiny of the total working expenses by the Treasury.

(f) Dissociation of the Minister from the machinery of his Department.

A SUGGESTED CIVIL SERVICE
COUNCIL—ITS CONSTITUTION
AND POWERS

CHAPTER IV

A SUGGESTED CIVIL SERVICE COUNCIL—ITS CONSTITUTION AND POWERS

AS I have explained earlier in this work, I am infinitely more concerned to secure the acceptance of the principle which I have embodied in a Civil Service Council than to make a case in favour of this or that method of giving it effect. I shall, however, probably best assist my purpose if I indicate some of the arguments against what at first sight would appear to be the most obvious solution to this difficulty.

As everybody knows, the House of Commons, by virtue of the financial control which it wields, is and must remain the final authority upon everything which appertains to the Civil Service, and for this reason, if for no other, a Committee of the House would appear to be the proper body to exercise supervision. None the less, upon closer in-

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spection the suggestion loses much of its force.

Nobody will deny that amongst our Members of Parliament are included many able business men, but equally nobody will deny that in the House of Commons a Member is compelled at times to take political exigencies into account. It is almost inevitable that a Council recruited from both sides of the House would tend to support or to depreciate a Department according as the Members supported or opposed the Government of the day.

As will be seen later, I desire in a large measure to disassociate the Minister from any blame that may be incurred by the Department in carrying his measures into effect; but we must not lose sight of the fact that with rare exceptions the House works upon party lines, and I am inclined to think that it would continue to do so even when the prestige of the Government was not directly affected. There are, then, as I think, very strong grounds against constituting the Council entirely of Members of Parliament. It is necessary to recollect that the Council which

A Civil Service Council

I advocate will not be concerned either to initiate legislation or to question it. It will exist merely to determine whether or not a Department is carrying out its duties with business-like efficiency. As things stand, this duty, if it falls upon anyone at all, devolves ultimately upon the House of Commons. But the real work of Parliament is of an entirely different nature, and by handing over this work to an independent body we merely relieve Parliament of a task which is entirely foreign to its methods and ambitions.

If we admit, then, that there are strong reasons against recruiting our Council from Parliament itself and that we are under no real necessity to do so, who is to constitute the Council?

There are great numbers of men in the country who have at the back of them a vast business experience. It rarely happens that such men develop political aspirations at the close of an arduous career. The man whose word has been law in commercial ventures of great moment does not take kindly to the atmosphere of the hustings or to the eternal compromise and camouflage of politics. At

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present these men on their retirement from commerce are an unused asset. It is largely upon these men that I should like to draw for the constitution of the Civil Service Council. Again, it is not open to dispute that the history of the Indian Civil Service is a story of administrative efficiency arising more or less directly from that system of personal responsibility which I am advocating for the Home Civil Service. I can see no reason, therefore, why successful administrators in India should be debarred on retirement from serving on the Civil Service Council and so assisting to maintain administrative efficiency at home.

If we admit that the Council is to be directly responsible for the efficient working of our administrative machinery, it should consist, as I originally suggested, of the best brains available—all tried men. I would go further and suggest that the ex-officio Chairman of the Council should be the Chancellor of the Exchequer.

Arm the Permanent Secretary with all the powers he needs to secure the efficient, which implies the truly economical, working of his

A Civil Service Council

Department, place upon some such Council as I have suggested the responsibility for seeing that he uses those powers to the best advantage, and I do not think it will be long before the country has secured efficiency where efficiency is so badly needed.

What to me is of vital importance is that the Civil Service shall no longer be left to supervise itself. If this is agreed, then some "outside" body becomes essential. I attach, therefore, the greatest importance to the acceptance of the general principle that the appointment of some criticizing body is called for, and that the only body whose appointment can be justified is the one which is more effective than any other.

I have already stated that the functions of the Civil Service Council must be critical rather than constructive. The Committee must be that body which on occasion can call the Permanent Secretary to account. It must be able to say, "You could have achieved this result and you have failed to do so. We can see no good and sufficient reason for your failure. You must therefore give place to your successor." Obviously, if the Council

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has interfered with the Secretary to the extent of thrusting upon him some particular form of organization, it could not speak in this fashion without laying itself open to the retort, "If there has been failure, it is because you interfered with me. I could have achieved success; you prevented me from doing so."

The Permanent Secretary, therefore, must be king in his own castle. He is despotic, but only in so far as he is successful; he can remove and recruit, but always with the knowledge that he is personally answerable for the result. I think there is little doubt that the Permanent Secretary would avail himself of the unofficial advice of the Council from time to time. But the Council would not dictate. They would not interfere with his work—they would not be empowered to do so—but they would know what he was about. They would keep their fingers, so to speak, upon the Departmental pulse.

Again, the knowledge of our Departments which the Council would acquire should prove invaluable if properly utilized. At present there does not appear to be any intelligent effort to choose the man according to the

A Civil Service Council

requirements of the post. I can imagine the Council reporting confidentially to the Treasury, "This Permanent Secretary is an exceedingly able man in many ways. He is eminently sound in his judgment, but he is no organizer. What we require in this Department is not the brains of the Meteorological Office, but those of a Departmental Store." I do not say that the Council would use these terms, but I am hopeful that they would think in this sense.

Finally, it should be the task of the Civil Service Council to make the ambition of the Permanent Secretary run parallel to the interests of the public. Efficiency will always pay a dividend to the tax-payer. The Civil Service Council should see that it pays a dividend in one form or another to the men who foster it in our great Departments.

EXTENDED POWERS OF THE
PERMANENT SECRETARY

CHAPTER V

EXTENDED POWERS OF THE PERMANENT SECRETARY

I AM inclined to think that the position to be held by the Permanent Secretary will be found to be in many respects the basic factor in any efficient reform of the Civil Service. As things stand the post is one of distinction, but the responsibility attaching to it is more theoretical than otherwise. The Permanent Secretary can, it is true, exercise a certain influence, but only indirectly. Before he can bring about any serious reform in organization or procedure he must placate the higher officers of his Department, or, alternatively, argue the matter out with the Treasury. Promotion, again, is a matter over which his control is largely theoretical. To a greater and greater extent the Permanent Secretary tends to confine himself to paper work, and to

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leave the running of his Department to his establishment branch, his higher officers, and the great goddess of chance. He cannot hold anyone personally responsible for any particular work, and, that being so, he declines to be himself responsible, at any rate in more than theory, for the work of his Department.

The inauguration of a regime of personal responsibility must commence, therefore, with a revision of the powers entrusted to the Permanent Secretary. He must in his own person represent the Department—that is to say, if the Department fails, he must shoulder the blame; if it triumphs, his must be the reward. There is nothing at all novel in this theory. It is possible for anyone, without trouble, to find this principle carried into practice in half a hundred different directions. The essence of true leadership is the ability to secure the desired result. And it is on his ability to secure efficiency that the Permanent Secretary should be judged. The present practice which largely judges the Permanent Secretary by learned disquisitions upon paper is entirely wrong. No one man by his own virtues or

The Permanent Secretary

abilities can adequately perform the work of one thousand men. The Permanent Secretary should be made to realize that his task is not to attempt the impossible in his own person, but to secure from each and every man in his Department the best that he can render.

There is, then, nothing in the least unjust in holding the Permanent Secretary personally responsible for his Department *if he is provided with the power* to give effect to whatever reforms he considers called for. If his juniors are so efficient that the work of the Department is extolled, his is the reward. If the work of his juniors brings the Department into disgrace, he pays the penalty. We have an adage that the man who pays the piper calls the tune. If the Permanent Secretary is to pay for failure, he must be permitted the last word as regards the organization of his Department.

How would this policy affect the higher officers of the Department and their juniors? Obviously it would only affect them adversely in so far as they failed to contribute to departmental efficiency. The possibility that a

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Permanent Secretary armed with almost absolute powers would be guilty of favouritism is exceedingly remote. When men are fighting for their own existence no small prejudice has any weight with them. Show a Permanent Secretary holding such powers and responsibilities as I have indicated that X is more likely than Y to carry a transaction to a successful conclusion, and he will place the matter in X's hands. He may consider X personally the most objectionable of men, on the other hand he may feel drawn to Y by half a score of common tastes and interests; but self-preservation carries the day, and he will call upon that man to do the work who will do it best.

A moment's consideration will show that it cannot be otherwise. In selecting X in such a case as I have instanced, the Permanent Secretary is serving his own interests. If the supervision exercised by the Civil Service Council is only reasonably efficient, he will be aware that he cannot afford to ignore the best brains at his disposal. Again I am suggesting that the power of the Permanent Secretary over his senior officers shall, even in the most

The Permanent Secretary

extreme cases, be limited to securing their transfer to other Departments. I think we may safely rule out the possibility of any really efficient officer being three times transferred, and automatically retired, upon purely personal grounds. The risk of such an occurrence with such safeguards is certainly less than obtains in ordinary commercial life.

The really efficient senior officer has, therefore, nothing to fear from this innovation; on the contrary, he stands to gain from it.

I have already insisted upon the importance of "hope" as a factor in achieving success. Where a good brain is concerned it is easily the greatest factor. Your mediocre man may be frightened into an effort, but your great man goes into it to gain something to which he attaches value. For this reason efficient work must be made to bring with it its proper reward. It is essential that promotion by seniority shall only obtain where all claims are equally well founded. Where any particular claim is outstanding on the score of merit, that claim should be met, seniority or no seniority. What competition can there be between men whose relative positions in the

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service are unalterably fixed? It will not be necessary for me in this book to labour the necessity for competition, as I dealt with this subject in my first book; it will suffice if I say here that *competition is essential*, and can only be secured by breaking down the barriers which to-day keep all Civil Servants within well-defined limits.

It may be objected that the Permanent Secretary will occasionally find it difficult to satisfy the demands both of the Civil Service Council and of the Treasury. But in practice I doubt if this would be so. The Treasury under the new regime would particularly watch the total of the working expenses of the Department, and before the Permanent Secretary was condemned on this score the Treasury would be able to ask the Council whether the work of the Department justified the expenditure involved. If the Council found that the staff was larger or included more highly paid officers than the work of the Department warranted, the Treasury would have gained its point, and the Permanent Secretary, if the offence was a glaring one, would be compulsorily retired and his pension

The Permanent Secretary

commuted. If, on the other hand, the Council reported that no smaller staff would suffice, the question of cost would no longer be one between the Treasury and the Secretary, but between the Treasury and the Government.

POSITION OF THE TREASURY
UNDER THE REORGANIZA-
TION

CHAPTER VI

POSITION OF THE TREASURY UNDER THE REORGANIZATION

THE Treasury was aptly described to me by a Civil Servant as the King of the Civil Service. But it is, of course, a limited monarchy. It is regarded by officials of other Departments with some awe, and it is invariably treated with respect. The Treasury is responsible for all the most important departmental appointments. It sanctions the size of the establishment, approves or disallows suggested increases in pay, and generally regulates the conditions of service. In short its position is such that all Civil Servants would prefer a bad quarrel with the police to a slight misunderstanding with the Treasury.

Now it is not without significance that when, during the War, it became necessary for a particular Department to work rapidly and on a large scale, the first thing that

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happened was that the control of the Treasury was removed. This occurred more than once. I am not suggesting that the result was anything but lamentable from a financial point of view, but I think it is clear that Treasury control must leave a great deal to be desired, or it would not be necessary to dispense with it as soon as you wish to accomplish anything more than usual.

As a matter of fact the Treasury is entirely out of touch with the requirements of a highly productive department. There is no commercial house in England that would show a profit at the end of the year if it were subjected to the kind of control which the Treasury exercises.

Anyone who has even a limited experience of our Departments will be aware of the difficulties which the Treasury will raise when it is a question of incurring some trifling expenditure such as in a commercial house would be sanctioned within half an hour. On the other hand, the Treasury cannot exercise any effective check upon the enormous wages bills of our Departments, because as things stand it is not able to judge whether a huge staff is

The Treasury

needed or not. Any Department, if it chooses to do so, can secure Treasury sanction to the creation of an important post carrying a high salary. There are many such posts for which there exists no real justification whatever. As to the staff of our Departments, I frankly believe that with proper organization they could be considerably reduced, in some Departments even by 50 per cent. Whole Ministries continue to batten upon the taxpayer and give almost nothing of any practical value in return ; the wastage, in fact, is colossal. To take a solitary instance : if a staff of 4,366 was sufficient for the Admiralty when the German menace was at its height, what excuse can there be for a staff of 12,548 two years after that menace has been entirely removed?

The root of the evil is that the control of the Treasury is academic and not practical.

None the less, whatever the shortcomings of the Treasury may be, it is indisputable that control in finance is essential and that the most effective, the only effective, medium of control is an efficient Treasury.

It may possibly be objected here that the proper guardian of economy is the House of

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Commons. This is undeniably true in so far as the House has the power to refuse funds. But we know that in practice no Committee of the House could contrive to keep in such intimate contact with our Departments as is necessary if control of the working expenses is to be really efficient. Under the existing system Parliament votes large sums and leaves it to the Treasury, as an expert body, to see that the money is properly expended. Parliament is like a man who enters a shop to purchase some necessary article of which he cannot have any precise idea of the cost. He pays more or less whatever the shopman demands. Unfortunately, however, the Treasury at the present moment is but little better fitted than the House to supervise this expenditure. The House passes certain legislation which is calculated to increase the work of a certain Department. The Permanent Secretary inevitably takes the line of least resistance and applies for an increase of staff, the Treasury grants the increase and the taxpayer meets the bill.

The question arises therefore, How can the Treasury be brought more into touch with the

The Treasury

realities of the situation? How can the control exercised by the Treasury be made less academic and more practical? It is not, it will be observed, a question of replacing the existing system, but of bringing it into line with present-day conditions. To secure effective results it will be necessary for the Treasury to change not merely its methods, but its entire outlook. The importance of this point is even greater than at first sight may appear to be the case. Subordinates, whether singly as individuals or collectively as Departments, tend to take on the prevailing characteristics of the authority to whom they are answerable, and rightly so. This being the case, the habits of our Departments are not surprising in view of the fact that they are themselves responsible to a body whose methods are involved and circumlocutory to a degree. The Treasury, in short, is typical of precisely those failings which an effective reorganization will seek to remove from the Departments under its control.

It is essential therefore that the Treasury shall be remodelled in such a fashion that it

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shall no longer consider itself tied to devious and time-wasting procedure.

The next most important thing is that the Treasury shall realize that the present rough and ready system of assessing the importance of the official by the size of his staff tends to penalize a sincere attempt at economy in personnel. Higher officials should largely be judged by the Treasury upon the extent to which they cause their working expenses to bear their proper relationship to output. In my opinion the constitution of a Civil Service Council on the lines which I advocate would, if the Treasury were at the same time made effective, have this result: that the Permanent Secretary would be judged by the Council upon the extent to which output bore a proper relationship to working expenses, and by the Treasury upon the extent to which the working expenses of the Department bore their proper relationship to output.

It is improbable, however, that unnecessarily large staffs would continue to trouble the Treasury for long. The inducement which would be afforded to Permanent Secretaries to keep their staffs at the indispensable

The Treasury

minimum would be too strong to be ignored. Instead of competing for the largest staff, officials would compete to show the most satisfactory returns upon the smallest working expenses. The Treasury, therefore—and this is the point which I desire to make—would not be under the same necessity to question individual amounts, because it could most generally attain its end by questioning the larger ones.

Under the suggested reorganization the work of the Treasury would continue to be largely supervisory. It would compare the working expenses of different Departments, make its own calculations of amounts that should be required for certain purposes and so on. Any doubts to which these examinations might give rise would be resolved on behalf of the Treasury by the Civil Service Council, which would be in close touch with the detailed working of each Department.

The influence which could be exerted over our national expenditure by an efficient Treasury organized on effective lines would be of inestimable value. What is to be desired is a Department which in the first instance

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will satisfy itself that "working expenses" throughout the Civil Service are no higher than is absolutely necessary, and which, further, will be possessed of such prestige as will enable it to direct the attention of the Government of the day to any legislation of which the working expenses can be shown to be disproportionate to the return.

POSITION OF THE MINISTER

CHAPTER VII

POSITION OF THE MINISTER

THERE remains one further factor for discussion, the position to be held by the Minister in charge of the Department. Admittedly, inasmuch as he initiates legislation and leads public opinion, the Minister's position is, and must inevitably remain, one of paramount importance and responsibility. But when we consider merely his relationship to his Department, we are forced to admit that as things stand he is very largely in its hands. Nominally he is the official head, actually he is little more than the mouthpiece.

It is only with the greatest difficulty that he can replace his higher officials, although he is expected to shoulder their faults. He can do little to ensure that his wishes will be made effective, although he will be called upon to justify in public debate any actions his Department may take. Every politician who

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attains to Cabinet rank suffers the same disillusionment. He may devise the end but he cannot control the means. Has there ever been a Cabinet Minister, I wonder, who has not seen some quite practical piece of legislation twisted at the hands of his Department into a tangle of hopeless complications? How many Ministers have not known their urgent legislation solemnly carried into effect long after the need for it has passed away? It may be objected that the position of the Minister as official head of the Department should itself be a guarantee against mismanagement of this sort. But no one who advances that theory can have any conception of the multitudinous duties which Ministers are called upon to discharge. The anxious Cabinet Minister packs his days as the harassed traveller packs his portmanteau, only too conscious that there is not room for everything, and trusting that in the flurry of the moment nothing absolutely essential has been left upon the floor.

It is not reasonable in such circumstances to expect the Minister to enter into the colossal task of reorganizing his Department.

The Minister

The Minister, in short, has no time for such a feat. But what is quite as noteworthy is that he has no powers which would enable him to undertake it. The Minister himself cannot remove a Civil Servant. If he happens to be a strong man and is prepared to fight the Treasury he may succeed in the course of time in witnessing the transfer of some particularly unsatisfactory official from his own Department to that of one of his colleagues. But the task is so exhausting that he is scarcely likely to enter upon it a second time.

In fact the Minister is practically helpless. At the best he can achieve very little, and he can only do what he can do at the cost of time which he urgently needs for other matters. None the less as things stand he is responsible for everything that his Department may do. A Cabinet Minister may tell us with all the authority of his position that if the official heads of the Department cannot effect an immediate reduction in their staff they will have to make way for others who can. But twelve months later we find that the staff total has actually increased. Does this mean that the Cabinet has changed its

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policy? Not at all. It means merely that when we really come to facts, as distinct from verbiage, the Civil Service rules itself. I again state, without fear of contradiction, that as things stand a Minister cannot exercise any effective control over the work of his Department. None the less, as I have already said, he is responsible for everything that his Department may do.

What is the inevitable consequence of this situation? The result is precisely what we should expect it to be: the Minister, faced by almost insurmountable difficulties, ceases his struggle to put things right.

What power then should the Minister possess over his Department under the revised procedure? Precisely none. To the Minister of the future the Department should be neither an anxiety nor a responsibility. It should be no more to the Minister than the ever-ready instrument which will give instant effect to his policy. The responsibility for keeping the instrument in its most effective state would be that of the Permanent Secretary, the guarantee that the Permanent Secretary would be equal to his task would be

The Minister

provided by the Civil Service Council. The Minister, in short, would be entitled to expect from his Department efficient service in every sense of the word, and this without effort or responsibility on his part.

This is not such a far-reaching suggestion as at first sight it may appear to be. In so far as the House of Commons is concerned, it is a change in theory rather than a change in practice. Under the new regime, as to-day, the House of Commons remains the final authority upon everything that concerns the Civil Service. All that I propose is to substitute the effective supervision of a Civil Service Council for the theoretical control of the Minister. Let us remember that the Civil Service as an efficient instrument has nothing to gain from the fears and hopes of political life.

Finally, let us bear in mind that however politics in this country may develop, whether for good or ill, the importance of good administrative machinery can never decrease.

APPENDIX

(Reprinted from "Inside a Government Office") *

SOME few weeks after my work was completed the Minister of Pensions (Sir Laming Worthington-Evans) saw fit to make a more than generous allusion, in the House of Commons on July 31, 1919, to what had been done at "Z" Branch.

"In January last," he said, "I found that sufficient provision had not been made to deal with the claims of the 'Z' men, so I established the 'Z' Branch as an emergency branch to deal with these cases only. It was organized and directed by Mr. Demetriadi, a business man of great ability, and but for his untiring efforts and for the excellent work of the staff under his direction there would have been serious delay in dealing with the

* "Inside a Government Office." Sir Stephen Demetriadi, K.B.E. (Cassell's). Printed originally for private circulation in 1920. Reprinted and published, 1921, at 4s. 6d. net.

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385,000 cases received. All through February and March the arrears increased, but by April the branch was dealing with more claims than it received, and arrears were reduced ; by the middle of June arrears had disappeared. The greatest number of awards made in any one week was 35,800, a really remarkable performance when it is remembered that each claim requires separate and detailed investigation and a decision on the merits.”

I should hesitate for obvious reasons to reproduce these remarks if I supposed for one moment that anyone would think me guilty of wishing to take to myself the credit for what was done. This, indeed, is far from my wish. I desire merely to emphasize the all-important point that an efficient staff working upon a businesslike system can be made to produce successful results even in a Government Department.

The Civil Servant

The Civil Servant is the product of the Civil Service in the sense that it is only by

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adapting himself to the rigid requirements of the system that he can hope to make headway. Finding that he cannot mould the system or any part of it to suit outside circumstances, he commences almost unconsciously to live within it and to shape himself to suit it.

* * * * *

As an individual the official generally is a highly educated man, courteous to a degree, and in private life possessed of intelligence far above the average; but, as is really inevitable if we consider the environment, his official outlook is crabbed and cramped beyond belief. His world is bounded by Government Departments, and his outlook is limited by the confines of the Service from which he has never strayed and from which no power can remove him. He is generally a hard worker, but not an economical one; he is intensely thorough, but his thoroughness is of a narrow order that fails to perceive anything beyond the precise piece of work upon which he is engaged. Let him remain upon good terms with his superiors, and he can afford entirely to disregard the clamour of the public, and even at times to view with imperturbable serenity

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the exasperation of the Ministers who from time to time the public thrusts upon him.

* * * * *

A permanent official saturated in tradition and precedent has, generally speaking, only one idea of coping with an emergency, and that is to do the customary thing more frequently than usual. He has rigidly adhered to certain procedure for so long as his career has lasted. He has never been permitted to ask himself whether that procedure is the best or the most economical. Faced with a sudden emergency such as the War produced over and over again, he has consequently neither the inclination nor the ability to swerve from the beaten track. Were fifty clerks previously employed in doing this work? Is there now ten times the amount of work to be done? Then requisition an additional 450 clerks, take some great hotel in which to house them, and do the same thing ten times where it was previously done once. What could be more simple?

Here we have the true explanation of bloated staffs and exasperating delays.

Appendix

The Civil Servant and Business Men

It is probably no exaggeration to say that in the majority of cases Government offices have failed to turn to the best account the new ideas brought in by business men. From the very outset the business man is aware that he is an object of suspicion to the officials, who are unable to lose sight of the fact that a successful business man may threaten the sanctity of the trade union of which they are members. The official has a rooted objection to outside advice, and it is to him an instinct to "educate" the newly arrived business man in official procedure.

Detection of Inefficiency

In a private firm inefficiency is rapidly detected and removed for the simple reason that it affects the pockets of those who have the remedy in their own hands. In the Civil Service, on the other hand, inefficiency may be detected by the Minister, but must be dealt with by that impersonal thing the Civil Service itself. As nobody suffers financially, as often as not nothing is done.

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Lack of Efficient Management

So far as one can see it is nobody's business to exercise a general supervision over the work of the Department. In my opinion the permanent head is far too prone, generally speaking, to occupy himself to the exclusion of all else with those special questions, frequently unnecessary, which are referred for his decision. He has not been trained to the task of organizing a big "productive" Department, although that is in effect precisely what our Ministries should be. Instead of taking a bird's-eye view of his domain and of seeing that such adjustments are made as efficiency may require, he endeavours personally to grapple with every detail of every question submitted to him.

If any general responsible for a campaign were so ill advised as to fight personally in the front line with one regiment on one day and another regiment on another day, he might acquire a reputation as an able fighting man, but it is big odds that the campaign would result in disaster. It is only by removing himself to a spot from which he can see all that is happening in its proper perspective

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that he is able to co-ordinate the efforts of his divisional commanders and secure uniformity of action. It is a cardinal failing of the system that it will not realize this elementary truth.

Competition between Departments

Within a particular Department there is no real competition, although there is an unceasing grabbing for work on the part of men anxious to add to their theoretical importance. As between the Departments themselves, however, there is a considerable amount of competition of a very unprofitable kind. All Departments are intensely jealous regarding any matter which concerns even indirectly any work with which they have formerly been associated. This factor is constantly making itself felt in this way, that a proposal of any importance is no sooner put forward than three or four Departments will pull one against the other for authority to undertake it.

Complicated Procedure

The official becomes so accustomed to the ways of the system that he ceases to realize

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that the system itself is the means and not the end. It is probably to this fact that we can trace the amazing complications which invariably envelop the efforts of the official mind. So long as the complications can be dealt with by the Service itself the system is entirely satisfied. It has long since lost touch with the realities of life. Instruct a Department to produce a scheme of payments for the wives of stokers and seamen generally, and it produces the following :

“ It shall be a condition of the award of a supplementary separation allowance that the seaman or marine in respect of whom it is claimed shall have declared in favour of the claimant a weekly allotment from his wages (a) if his full pay and allowances in the nature thereof, including war bonus, do not exceed 22s. 6d. a week, is not less than 1s. 6d. a week, or (b) if his full pay and allowances in the nature thereof exceed 22s. 6d. a week, is not less than the weekly excess of such full pay and allowances over 21s., provided that if the excess be not an exact

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multiple of 6d. it shall be not less than the precise multiple of 6d. next below such excess.”

The same habit of mind is prevalent in the administration of all our Departments. The original proposal may have been clean cut and straightforward, but it has been referred to every official of any importance, who contributes his quota. Thus the papers pass on and on until the intention of the original scheme has largely disappeared, and something has been produced which is highly ingenious but quite likely not in the least what is required. At the end of it who is responsible? Nobody can say. The thing is there, and being there is laboriously put into operation. The Department has fathered it, the Minister will answer a question or two on the subject in the House, and the public, annoyed and befuddled, must submit to the consequences. Other schemes are formulated and imposed upon the first. Still more are added, until at last we find erected upon the first complication a superstructure of complications so elaborate that no one dare attempt to remove it. The idea of

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pulling down everything and of building afresh upon a simple basis can never occur to the type of mind which regards complexity as an attribute of wisdom. The slogan for the man who would reform the Civil Service is simplify! simplify! simplify!

The Need of the Day

What is required is a system which is far wider at its base and much narrower at its highest point; far more willing to admit, far less willing to promote. At the present moment there is no continuous weeding out, owing to the large part played by seniority and to the fact that every official must be provided with work of some sort even to the exclusion of better men.

* * * * *

The law of competition is a hard one, but it is a natural law. It is a law of the survival of the fittest, and it is the only law which can be relied upon to produce efficiency in any great work, whether undertaken by a Government Department or by private enterprise.

* * * * *

The question arises, therefore, how is

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competition to be introduced into a Service where appointment is for life and where promotion goes so largely by seniority? The key to the difficulty will, I believe, be found in the compulsory commutation of pensions. I mean by this that where a Civil Servant has shown himself to be incompetent, he should be compulsorily retired and his pension commuted.

PRINTED BY
CASSELL & COMPANY, LIMITED,
LA BELLE SAUVAGE, LONDON, E.C.4

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By

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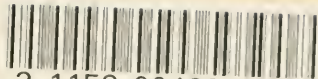
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